

Message Text

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21

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 PRS-01

USIA-06 /097 W

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R 201540Z FEB 75

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 8062

INFO AMEMBASSY LONDON

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: ENRG, NI

SUBJ: LNG NEGOTIATIONS OFF TO DIFFICULT START

REF: LAGOS 01074

1. SUMMARY: IN FIRST MEETINGS WITH PHILLIPS/AGIP AND SEPARATELY WITH SHELL-BP, FMG PRESENTED DRAFT HEADS OF AGREEMENT THAT COMPANIES BELIEVE WILL REQUIRE DIFFICULT AND EXTENDED NEGOTIATIONS. ONLY SIGNIFICANT AGREEMENT REACHED IN THESE FIRST SESSIONS WAS TO MEET AGAIN IN MARCH. END SUMMARY

2. FMG NEGOTIATORS MET FEBRUARY 10-11 WITH PHILLIPS AND AGIP AND FEBRUARY 15 AND AGAIN 17-18 WITH SHELL-BP AND PRESENTED COMPANIES WITH SUBSTANTIALLY SIMILAR DRAFTS OF HEADS OF AGREEMENT INTENDED TO SERVE AS BASIS FOR TECHNICAL PARTNERSHIP. FMG INDICATED DESIRE FOR EARLY ACCEPTANCE PRESUMABLY IN ORDER TO MAKE WAY FOR ANNOUNCEMENT BY HEAD OF STATE IN HIS ANNUAL APRIL 1 BUDGET MESSAGE.

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3. FMG DRAFT PARALLELED COMMISSIONER FOR MINES AND POWER PRESS ANNOUNCEMENT REPORTED REFTEL, AND, AS FORESEEN BY PHILLIPS AT THAT TIME, INCORPORATED ASSORTMENT OF TERMS AND CONDITIONS THAT WERE NOT PART OF COMPANIES' PROPOSALS AND HAD NOT PREVIOUSLY BEEN DISCUSSED WITH COMPANIES. IN ADDITION TO INTRODUCING AMBIGUITIES ON CERTAIN TECHNICAL ASPECTS, FMG DRAFT SET FORTH PROVISIONS FOR GREATER FMG ROLE IN OWNERSHIP, MANAGEMENT, PROCUREMENT AND TRANSPORT, AND MARKETING THAN COMPANIES' PROPOSALS HAD ENVISAGED. ON SEVERAL IMPORTANT POINTS, THERE WERE FUNDAMENTAL DIFFERENCES BETWEEN FMG AND COMPANIES' PROPOSALS, AND IN THESE FIRST MEETINGS COMPANY REPS AGREED ONLY TO EXPLORE IMPLICATIONS FMG DRAFT AND MEET FOR SECOND DISCUSSION IN MARCH.

4. OUR COMPANY SOURCES TELL US THAT IT IS NOT FEASIBLE TO CONCLUDE PARTNERSHIP ON BASIS CURRENT FMG DRAFT AND THEY ANTICIPATE DIFFICULT AND EXTENDED NEGOTIATIONS.
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Message Attributes

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